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ABSTRACT

The National Urban Coalition conducted this evaluation to determine the manner in which the provisions of the Emergency Employment Act of 1971 have been carried out, the problems raised by legislative and administrative guidelines, and the difficulties experienced in implementing projects locally. Some major findings were: (1) The Labor Department ruled that otherwise eligible applicants with populations of less than 75,000 were ineligible to receive funds, although Congress had set no population limit, (2) Characteristics of the enrollees did not seem to match characteristics of the unemployed (e.g., while 52 percent of the poor had an eighth grade education or less, only 7 percent of the enrollees had an eighth grade education or less), (3) Congress did not provide adequate funds to cover the cost of training and supportive services under Section 5 of the Act, (4) Most of the cities, counties, and states surveyed had not started to implement the objectives of modernizing outdated Civil Service practices, to bring the sponsor into compliance with U. S. Civil Service Commission Guidelines specifically developed for the program, and (5) Program agents did not employ many of the specified target groups--youth, older workers, or those having particular difficulty finding jobs in the high unemployment market. (SB)

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the public employment program:

An Evaluation
By The National Urban Coalition

September 1972

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FOREWORD

Since its creation in 1967 The National Urban Coalition has supported the concept of a public service employment program as a permanent feature of the national labor market. This position stems from two basic premises. The first is that even in a full employment economy, a large number of disadvantaged Americans will not be able to find suitable jobs in the private sector.[1] The second is that throughout the country there is a rapidly growing need for the social, community and public services that are the responsibility of the public sector.

We were pleased that Congress responded to these and other economic realities by enacting the Emergency Employment Act of 1971 (EEA).

In the fall of 1971 The National Urban Coalition joined the National Civil Service League in sponsoring a national conference of community representatives, public and private, to discuss the emergency employment program's administrative guidelines and to prepare communities to assume meaningful roles in implementing projects at the local level.

The Public Employment Program (PEP) that grew out of the EEA is a beginning, but we view it as a transitional measure leading to a much larger permanent program of public service

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1. 4% unemployment is generally accepted as the target for a full employment economy. There is reason to believe that a full employment economy should be able to achieve an unemployment rate of 3% or less.

employment. For this reason we decided to monitor and evaluate the program to determine the manner in which the provisions of the Act have been carried out, the problems raised by legislative and administrative guidelines, and the difficulties experienced in implementing projects locally. The Coalition was anxious to obtain its information quickly so it could make recommendations while improvements in program performance were still possible.

There are encouraging signs that support for a permanent public service employment program is growing. The large number of applicants for PEP positions throughout the country is a convincing argument for many persons who previously doubted the need for such a program. Private groups, including corporate representatives, are increasingly accepting the fact that the growing local demand for public services can be met only through a federally sponsored public employment effort. The Congress will soon consider legislation to extend, expand and strengthen the Public Employment Program. We hope that a strong bill will be passed.

We trust this report will prove both constructive and timely.

Washington, D. C.

Sol M. Linowitz
Chairman

M. Carl Holman
President

ACKNOWLEDGMENT

This study could not have been undertaken without the assistance and active support of local urban coalitions. Their investigations, reports and staff work form the nucleus of the report.

The National Urban Coalition would like to thank the Department of Labor for its cooperation in this enterprise. Its data, constructive criticism of our initial drafts and general assistance were invaluable ingredients of the final product.

To the members of our Executive Committee, who reviewed the document in detail, special thanks are in order. As is often the case among groups composed of such diverse members, the Committee did not unanimously endorse all of the report's findings and recommendations. Three members did not share the view that the chronically unemployed should have been a major priority of the Public Employment Program, nor the emphasis on the importance of supportive services and training. Two members did not agree with the report's interpretation of the way in which public service needs were defined and met by some cities.

We have included an appendix, submitted by the American Federation of State, County and Municipal Employees, which reflects the concerns and differences cited above.

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I THE EMERGENCY EMPLOYMENT ACT OF 1971: A HISTORY

The purpose of the Emergency Employment Act, as stated by Congress, was "to provide unemployed and underemployed persons with transitional employment in jobs providing needed public services during times of high unemployment and, where feasible, related training and manpower services to enable such persons to move into employment or training not supported under this Act."[1]

The Act was designed to serve equitably the unemployed and underemployed of this country.[2] Members of both groups were to be employed specifically to provide needed public services.[3] Congress identified a variety of target groups for particular attention: low-income residents; young people entering the labor force; persons recently separated from military service; older persons wishing to remain in the labor force; the non-English-speaking; migrants; persons who have lost their jobs as a result of reductions in federal expenditures in defense, aerospace and construction industries; and generally persons experiencing particular difficulty finding jobs in a high unemployment market.[4]

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1. Emergency Employment Act of 1971, Section 2
2. Ibid., Section 7 c (17)
3. Ibid., Section 7 a
4. Ibid., Section 2(5)

Congress set additional requirements. Funds were to be used to undertake basic reforms of civil service practices,[5] to support efforts to restructure the public labor market[6] and to prepare persons employed by the PEP for permanent jobs.[7]

The Act authorized funds for public service employment in two separate categories for fiscal years 1972 and 1973. Section 5 authorized the bulk of EEA funds for use by states, cities, counties or consortia of counties during this period as long as the national unemployment rate is 4.5 percent or greater. Section 6 authorized funds to cities, counties and areas with high (6 percent or over) unemployment rates.

Implementation of the Act

The Emergency Employment Act became law on July 12, 1971. Hearings on appropriations to implement the Act were held at the end of July; the President signed the appropriations bill into law on Aug. 9. The Labor Department's Rules and Regulations for Section 5 appeared in the Federal Register on Aug. 14. Guidelines for Section 5 were issued on Aug. 16. By Aug. 30, initial Section 5 grants had been allocated for 17,845 jobs in 432 cities, counties and states.

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5. Ibid., Section 7(8)(18).
6. Ibid., Section 2
7. Ibid., Section 2(7); Section 7(4)

Section 6 Guidelines were issued Sept. 20, and participating cities, counties and areas were selected. Final allocations of Section 5 and Section 6 funds, including the major demonstration programs, had been made by Jan. 14, 1972.

Section 5 funds were distributed on the basis of a fixed formula. Section 6 funds were distributed to cities, counties and areas with unemployment rates of 6 percent or more following a formula that, according to the Labor Department, gave equal weight to the percentage of unemployment over 6 percent and the number of people unemployed. This formula for Section 6 was confusing to many cities for two reasons: it received so little publicity that it was generally unknown to them, and they were not certain about which statistics the Department was using for the percentage of unemployment and the number of unemployed persons, particularly in "areas" and neighborhoods within a city.

Six months after the Act became law, the Labor Department allocated $1 billion to all the states and to 615 cities and counties with populations of at least 75,000. The Department selected the recipients of both Section 5 and Section 6 monies.

States, cities and counties have moved rapidly to place people on the Section 5 payroll. Such haste lends itself to potential management problems and abuses. The fact that there

were only a few cases of outright misuse of funds is a remarkable achievement for which the Labor Department and local program agents deserve great credit.

The EEA was passed as an "emergency employment" measure designed to improve the economy by rapidly reducing unemployment, even though its outreach was limited to no more than 3 percent of the unemployed population. The Administration attempted to offset the limited number of potential employees by pressing states and local communities to plan and hire as rapidly as possible.

The speed with which the Labor Department successfully distributed $1 billion to local jursidictions constitutes a notable accomplishment. The Department's rapid mobilization was accompanied by other noteworthy and commendable features. Cities responded quickly in hiring and moving people into Section 5 job slots. The proportion of minority representatives hired was exceptionally high, according to both the national data (Negro - 20 percent; Spanish-speaking - 7 percent; Other - 4 percent)[8] and the sample of Urban Coalition cities surveyed (Black - 40 percent; Spanish-speaking - 11 percent; Other - 0 percent).[9]

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8. Data combines both Section 5 and 6.
9. See Appendix, Table XV.

Methodology

To prepare this report, The National Urban Coalition relied on a variety of sources: an analysis of the EEA legislation; the Rules, Regulations and Guidelines issued by the Labor Department; the proposals submitted by the cities selected for the study sample; an analysis of the Agent Information System (AIS) data accumulated by the Department nationally through Feb. 29, 1972, as well as an analysis of AIS data for the cities and counties participating in the study; and data collection at the local level by Urban Coalitions utilizing uniform survey instruments and techniques. The survey was designed to obtain supplemental data not provided in the AIS and to obtain subjective information which could be used in assessing qualitative aspects of the program.

The number of Section 5 participants in the 26 local Urban Coalition cities reported in the AIS data of February 1972 was 5,690.[10] There were 286 people listed as Section 6 participants. It is difficult to determine whether the small number of Section 6 participants was the result of poor reporting procedures, the delay by most cities in starting Section 6 programs until Section 5 had been in operation for two months, or the difficulties experienced by cities in launching Section 6 programs. No comparable national breakdown of Section 5 and 6 participants is

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10. The Providence Urban Coalition reported on the entire state of Rhode Island, and two local Urban Coalitions have county rather than city jurisdictions.

available through the national AIS data for the same period. This data lists 70,000 Section 5 and 6 participants nationally but makes no distinction between the two Sections. The total of 70,000 enrollees in the national AIS report is considerably lower than the 120,000 enrollees publicly reported at the time by the Labor Department.

Individual AIS reports were received from the Labor Department for all program agents in participating Urban Coalition communities. This data was reported separately for Section 5 and Section 6. Comparisons and analyses were made of participants in Section 5 and Section 6 programs. Because the data from Section 6 was so limited, comparisons are inconclusive, but they do suggest certain trends that warrant further investigation.

Legislative Intent and Ambivalence

One major difficulty in assessing whether the program is working as Congress intended is that Congress left a good deal to chance.

While Congress set forth certain intentions and prescribed general guidelines, much of the Emergency Employment Act is worded in such a broad manner that it has been subject to a variety of interpretations. This legislative nebulousness permitted the Labor Department to introduce its own objectives into the program, to concentrate on some provisions of the Act while giving less weight to others, and to supervise the

administration of PEP programs locally in a permissive manner. State and local governments were thereby encouraged in part to make their own PEP decisions in a way that would present them with the least difficulties, regardless of the Act's original intentions. Given their tight budget constraints and natural responsiveness to political factors, it is little wonder political jurisdictions have frequently taken the path of least resistance.

Although the Act establishes target groups, most of which contain heavy concentrations of "disadvantaged" people, some view the Public Employment Program primarily--if not entirely--as a counter-cyclical program to offset a severe economic recession. One city representative has stated that "the designation of the legislation as the Emergency Employment Act of 1971 suggests that Congress was not creating an Act for the chronically unemployed, but rather for those segments of the work force which normally are employed, but because of the economic downturn and changing national priorities found themselves out of work." While some others would not go this far, they would insist that the EEA was not intended as a measure that would give any priority to the chronically unemployed population.

The legislation does indeed mention work opportunities for "times of high employment," and it does include a "trigger" device that would shut off Section 5 funds if the national

unemployment rate should fall below 4.5 percent. In that sense there is a counter-cyclical feature in the Act. Yet this does not appear to warrant the observation that the PEP is intended primarily as a program for those displaced by the economic downturn. Nor does it gainsay the extensive concern with the chronically unemployed expressed in the Act, in the Congressional hearings preceding passage of the legislation and by the principal drafters of the bill. The Coalition's view is in line with the position of the National Advisory Committee on Manpower. In an article prepared for the Committee, Eli Ginzberg, its chairman, wrote: "At no point did the NMAC view PEP primarily as a counter-cyclical device; rather, it viewed PEP as an approach which held promise of removing employment barriers from the path of seriously disadvantaged groups." [11]

Section 2, in discussing target groups, explicitly stresses the particular difficulties of low-income, low-skilled, welfare-dependent and chronically unemployed persons in times of high unemployment. Section 7(c)(2) requires that program agents "plan for effectively serving on an equitable basis the significant segments of the population to be served...." The special Section 6 program was included to ensure coverage of "areas of substantial unemployment," where a large number of the chronically unemployed can be found.

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11. Eli Ginzberg, Perspectives on a Public Employment Program, prepared for 33rd meeting of National Manpower Advisory Committee, June 16, 1972, p. 15.

The Act provides for funding of high unemployment areas within cities and counties as well as entire cities or counties having 6 percent or more unemployment. It is logical to assume that if Congress had been interested in providing funds only to those cities affected by the recession and by the cutback in defense and/or the aerospace industry, it would have provided the funds only to entire cities or counties. By including areas and neighborhoods, Congress was expressing its intent to provide specifically for disadvantaged people who had a continuing problem of unemployment--namely, those in the disadvantaged areas of the cities, counties and rural areas.

The Act is more specific about training and supportive services, although some important questions are left unanswered. While expressing the intention of providing "related training and manpower services," Congress specified that not less than 85 percent of all EEA funds in Section 5 should be used for wages and employment benefits, thereby leaving little money for training and supportive services.

When the House-Senate conference committee considered a version of Section 6 which had been included only in the Senate bill, the conferees approved the section but--undoubtedly due to oversight--did not allocate funds for administration and training and supportive services. The Department of Labor allocated administrative funds for projects funded under Section 6 because it was not rational to assume that those

projects could operate unless funds for administration were available. It seems only logical that training and supportive services also were essential for the successful operation of Section 6 projects, particularly in view of the characteristics of the chronically unemployed living in areas of "high severity" unemployment.

There was some indication in the Congressional hearings that Congress, in its anxiety to channel as much money as possible directly into the hands of the unemployed, assumed that whatever training and supportive services might be needed could be financed from existing manpower and social service programs. Had truly comprehensive manpower programs been operative and had supportive service programs not been overburdened already, a marriage between PEP and other programs might have been negotiated. Unfortunately, this marriage was to be impossible. The Act's intentions could not be fulfilled by the resources Congress allocated.

One further area was left unclear by the Act. The goal of filling "unmet needs for public services" could mean different things to different people.[12] The Act identified a range of public service fields, but it did not answer the important question of by and for whom these needs were to be met. It neither required nor encouraged an effective community process for selecting these needs on a priority basis. What was the

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12. Ibid., Section 2(5).

primary consideration to be? The expansion of the traditionally popular public services such as public works and transportation? The extension of the social services programs? Services particularly needed by the target groups and poverty areas? Public services for areas recently hard hit by city budgetary constraints? Administrative jobs for which certain skills were required?

National Urban Coalition Assumptions

The National Urban Coalition believes that there is sufficient evidence, in both the legislation and the Congressional hearings, to indicate that the low-income and chronically unemployed population was intended to be a major priority of the Emergency Employment Act. The designation of target groups, most of which have high correlations with a large number of the chronically unemployed, appears to reinforce this assumption, as does the inclusion of a separate section for high unemployment areas. Moreover, any measure that is introduced to combat unemployment problems in times of high unemployment should deal significantly with the groups that are hardest hit during those times--the poor and the chronically unemployed. This is not to say that we regard PEP as a program solely for the chronically unemployed. We feel, however, that any evaluation of a public service employment program should seriously take into consideration the extent to which this group received priority attention.

Our position on training and supportive services is directly related to our first assumption that the poor and chronically unemployed should be a significant priority of any public service employment program. If these people--who are likely to lack the necessary education, skills and employment habits--are to compete in the permanent job market and to climb career employment ladders, they will need positive reinforcement through training and supportive services, just as poor and deprived children require compensatory education to obtain equal educational opportunities. As Secretary of Labor James Hodgson acknowledged before the House Select Subcommittee on Labor during hearings on March 17, 1971, a public service employment program "is most useful when combined with some sort of training component...."[13] Any evaluation of the PEP therefore must examine closely the extent to which such support is being provided, at least to those program recipients who have the greatest need for it. This requirement is all the more important because existing manpower training and service programs are not sufficiently comprehensive, are inadequate and are already oversubscribed.

Our third major assumption is that the definition of unmet public service needs must be broad enough to encompass community-wide considerations. It should not be limited to either the immediate needs of understaffed local government bureaucracies,

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13. Hearings before the Select Subcommittee on Labor, Committee on Education and Labor, House of Representatives, p. 249.

the understandable self-interest considerations of local government employees seeking greater security and advancement, the pressure of politicians acting on behalf of special constituencies or the interests of any particular group or faction. Nor should unmet public service needs be determined casually and without careful consultation with community groups. In short, the Coalition believes that the process through which public service priorities are formulated tends to be a good indicator of their value and potential utility. Any study of the PEP, therefore, has to look at the way public service needs were determined and at whether the determined needs corresponded to the priorities of community groups.

II SUMMARY OF FINDINGS AND TRENDS

Several significant trends in the administration of the Public Employment Program emerged clearly from the National Urban Coalition's study:

1. The Labor Department ruled that otherwise eligible applicants with populations of less than 75,000 were ineligible to receive funds directly from the Labor Department as Program Agents, although Congress had set no population limits.

2. The Labor Department's decision to alter Congress' formula for the allocation of EEA money resulted in a distribution of Section 5 funds that provided different allocations to different states and cities with the same numbers of people unemployed.

3. In cases where entire counties or cities had unemployment rates above 6 percent, no effort seems to have been made to define sub-areas with particularly high rates of unemployment and extraordinary special needs.

4. The Labor Department distributed Section 6 funds among cities and counties in a manner that eliminated many eligible "areas" with over 6 percent unemployment.

5. Characteristics of the enrollees do not seem to match characteristics of the unemployed. While 52 percent of

poor people had an eighth grade education or less, only 7 percent of the PEP enrollees had an eighth grade education or less. Concentrated efforts to place experienced and educated applicants in jobs in the private sector could have been made before they were placed in federally supported jobs.

6. Retired army officers with pensions were included under the veteran preference status. (Although technically they qualified, this certainly was not within the legislative intent.)

7. Congress did not provide adequate funds to cover the cost of training and supportive services under Section 5.

8. Open Civil Service jobs have not been allocated on a priority basis to PEP enrollees, nor have cities provided new budget allocations for their permanent employment.

9. Most of the cities, counties and states surveyed had not even started to implement the objective of modernizing outdated Civil Services practices, to bring the sponsor into compliance with U. S. Civil Service Commission Guidelines specifically developed for PEP.

10. Although Program Agents were required to identify "unmet public service needs," most did not. Jobs were often filled primarily on the basis of the needs of a City

Administrator or Department rather than the needs of the people in the community served.

11. Program Agents did not employ many of the specified target groups--youth, older workers or those having particular difficulty finding jobs in the high unemployment market.

12. Most of the jurisdictions in the study sample did not undertake the task of identifying and/or creating employment within expanding occupations likely to provide the best opportunity for continued employment and career building.

13. There is an apparent wage differential between those employed under Section 5 and Section 6 that warrants further investigation by the Labor Department.

III SELECTION OF PROGRAM AGENTS

On July 28, 1971, representatives of the Labor Department testified on the initial appropriation for the EEA in hearings before the House Appropriations Subcommittee that handles funds for the Department. The Department, both in prepared testimony and in response to Committee questioning, stated that it intended to depart in several respects from the specific requirements of the legislation.

It is important to note that the Appropriations Committees do not deal with the substantive features of legislation; their responsibility is to determine how much of the money authorized under a law will be appropriated. Congress expressed its intentions in the Act, which had already passed. The substantive issues had already been decided. The Labor Department's report to the Appropriations Committee announcing administrative changes in the legislative provisions cannot be interpreted as Congressional sanction or approval of those changes.

Under Section 5 of the legislation, eligible applicants could be federal, state and general local government or public agencies and institutions which are subdivisions of state or general local government, and Indian tribes.[1] Section 6 takes a similar approach; it specifically states that "any unit or combination of units" of general local government is an eligible applicant. [2]

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1. Section 4(1)(2)(3).
2. Section 6(c)(2)

In response to a request by Rep. Daniel J. Flood, D-Pa., chairman of the Subcommittee, for a definition of "area," the Department replied: "The Act does not specify; just an area. So we have chosen to regard areas as cities and counties with populations of 75,000 or more."[3] What the Department proposed in its testimony--and later established--was:

> "The heads of local units of government (cities, counties, states) will be the principal agents of the Secretary of Labor....These agents will, on our behalf, deal with the sub-units within their jurisdiction, thus precluding a complex overburdening federal involvement at the local level. Units of government of 75,000 or more will be eligible to participate individually. Smaller units will be covered under the 'balance of state' and the governor or eligible county will act as our agent."[4]

Sponsorship, thereby, became a matter of who could initiate the grant process rather than who was legally entitled to sponsor a program. The Labor Department invited governmental units of 75,000 and above to submit applications, as they stated in their testimony to the Appropriations Committee. The only applications that were considered were those from governmental units of the size designated, who received an invitation to bid.

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3. EEA Appropriation, Fiscal Year 1972. Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 92nd Congress, First Session, p. 6.
4. Section 5 - IIIA, Eligible Applicants.

The Act, as written, established standards and criteria for determining target populations, job priorities, the areas that were to be served and the servicing of "unmet needs." In fact, the House and Senate had made a special effort to assure that their wishes on this bill were clearly spelled out. Yet the Labor Department expressed to the Appropriations Committee its intent to act as though the bill were largely a "revenue sharing" measure whereby specific standards and criteria for the expenditure of funds would be determined locally, rather than regulated by the Department as prescribed by the legislation. The Department indicated that "there will be a minimum of Federal involvement in the program at the local planning and application stage...."[5] The Department also told the Committee, "We are leaning in the direction of setting some broad guidelines, but letting the local people, within the definition of the Act, decide who to put on."[6]

The Department acknowledged its intent to get money out as fast as possible, and stated that normal procedures would be bypassed. Rep. George H. Mahon of Texas, Chairman of the House Appropriations Committee, noted that this "opens the gate for all kinds of mismanagement and even possible scandal."[7] The appropriation for the EEA was passed and the Department proceeded to write its Regulations and Guidelines according to the changes it had suggested to the Appropriations Committee.

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5. Hearings, p. 2.
6. Hearings, p. 29.
7. Hearings, p. 16.

The message was clear. A "Program Agent" was one who is invited by the Secretary of Labor to apply. The Guidelines state flatly, "The Secretary of Labor will designate Program Agents in advance and list them in the Federal Register."[8] According to the Labor Department, "What the Department did was to establish administratively Program Agents, which are all states and other governmental jurisdictions with 75,000 or more population, and selected reservation Indian tribes. These Program Agents receive funds directly from the Department through a grant agreement in which they in turn agree to distribute the funds to other eligible applicants. If the Department had chosen to deal directly with all eligible applicants, it might have had to deal with anywhere from 20,000 to 80,000 units of government, depending upon what is included in 'units of government'."[9]

Contrary to the wording and spirit of the legislation, cities, towns and counties of less than 75,000 population were designated "balance of state," and their states were designated as Program Agents, even though the states were not "eligible applicants" for Section 6 under the legislation. Therefore, cities and counties which should have been able to qualify as eligible applicants for Section 6 were dependent on the states for allocation of funds. As the Program Agents, these states were able to retain a portion of the limited amount of administrative funds available.

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8. Guidelines, III.
9. Labor Department Memorandum to The National Urban Coalition.

With the exception of about 700 selected jursidictions, all Section 5 EEA funds were routed through governors' offices for their own use or for distribution by them to local areas. In addition to administrative costs, the state received some of the funds allocated to local jurisdictions which had state public employees, based on the ratio of state public employees to all public employees in these local jurisdictions.

IV ALLOCATION OF SECTION 5 FUNDS

The Act requires that 80 percent of the $750 million allocated among the states for Section 5 shall be:

> ...allocated by the Secretary in such a manner that of such amounts (1) not less than 80 per centum shall be apportioned among the states in an equitable manner, taking into consideration the proportion which the total number of unemployed persons in each such state bears to such total number of such persons, respectively, in the United States....[1]

In addition, sub-section (b) states that:

> The amount apportioned to each state under clause (1) of sub-section (a) shall be apportioned among areas within each such state in an equitable manner, taking into consideration the proportion which the total number of unemployed persons in each such area bears to such total number of persons, respectively, in that state.[2]

At the House hearings on appropriations to implement the bill, the Labor Department stated that the allocation formula was to be developed by the Secretary: "Two factors are in our formula. One is the amount of unemployment and the second is the severity of unemployment."[3]

According to the testimony, the formula used by the Department was to be based on the "total number of unemployed in the States compared with the total number in the Nation.

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1. Section 9a.
2. Ibid.
3. Hearings, p. 7

Then, with equal weight, the number of unemployed over 4-1/2 percent as compared with the number of unemployed in the Nation over 4-1/2 percent."[4]

The same double formula for allocation among the states was to be used within a state.

The Labor Department claims that it did not alter the Congressional formula for the allocation of EEA funds. It supports this view by citing the fact that it did "take into consideration the proportion which the total number of unemployed in each state bears to the total number of unemployed persons in the United States," since this consideration constitutes one-half of the allocation formula. The Department also points to the General Accounting Office's sanction of the formula and the defeat in the House, during debate on the appropriations bill, of an amendment that would have provided that the allocation formula be based solely on the proportion of total unemployed persons in the country.

There remains a real question, however, whether the injection of a severity factor in the allocation of Section 5 funds was in line with the spirit of Congressional intent. The language of the Emergency Employment Act itself, stressing an "equitable manner" of distribution, as well as the Congressional hearings and the deliberations of the House Education

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4. Ibid.

and Labor Committee, point to a Congressional intent that was far more concerned with equitable allocations based on total unemployment than with considerations of severity. This argument appears particularly persuasive, since Congress authorized Section 6 specifically to deal with areas with high rates of unemployment. The Senate, which had included a severity factor in its bill, accepted Section 6 as a fulfillment of its concern about the severity of unemployment.

The double formula introduced by the Department has created a marked disparity in the funding of various states and cities. Table I illustrates some of these differences.

TABLE I*

DISPARITIES IN FUNDING
OF
STATES AND CITIES

SECTION 5

States	Number Unemployed	EEA Funds Allocated	Analysis
California	601,000	$100,450,000	New York had 76.5% of California's unemployed; it received only 46.7% of the sum California received.
New York	460,000	46,950,000	
Idaho	15,800	2,440,000	For an additional 100 unemployed, Idaho received $770,000 more than Hawaii.
Hawaii	15,700	1,670,000	
Nebraska	23,500	2,200,000	Nebraska, with 1,000 more unemployed, received $1,790,000 less than Utah.
Utah	22,500	3,990,000	
Pennsylvania	242,000	24,160,000	With 10,000 more unemployed, a difference of 4%, Pennsylvania received $6,250,000 more than Illinois, a difference of 31%.
Illinois	232,000	17,910,000	

TABLE I

(cont'd)

Cities	Number Unemployed	EEA Funds Allocated	Analysis
Portland	10,900	$ 1,756,900	Portland, with 7,000 fewer unemployed, received nearly twice the money that Houston did.
Houston	17,200	965,500	
Atlanta	12,000	767,000	Atlanta, with more unemployed, received $1 million less than Hartford.
Hartford	10,200	1,728,700	
Detroit	69,300	12,803,000	Detroit, with 20,000 fewer unemployed, received $5 million more than Chicago.
Chicago	90,400	7,527,000	
L. A. City	102,600	19,812,900	NYC received only city funding. L.A. received both city and county funds. With only 10% more unemployed, L.A. received $20 million more than New York.
L. A. County	104,700	17,313,400	
New York City	211,800	17,047,700	

*Labor Department data on cities disaggregated by state employment agencies from labor market area data. The figures are for May 1971, the date used in making the Section 5 allocation.

V OPERATION OF SECTION 6

Congress included Section 6 in the Act to provide funds specifically for counties, cities and areas with excessively high unemployment rates (over 6.0 percent).

The importance of the term "area" is critical in assessing the Section 6 program. The Labor Department's Guidelines stipulate that applications "will include a specific definition of the areas to be assisted and the basis upon which these recommended areas were selected."[1] In any city where the over-all unemployment rate exceeded 6 percent, the Program Agent still was obliged to select and specify those neighborhoods or other special "areas" in which unemployment was particularly high, or at least identifiably higher than other areas under the sponsor's jurisdiction.

The Department's Regulations require that where a city or county experiences an unemployment rate over 6 percent and where the rate in sub-areas within that city or county is appreciably higher, the sub-areas will be recipients of greater amounts of Section 6 funds. No section of a city or county receiving funds under Section 6 which has less than 6 percent unemployment is to provide employment for participants. Nor should funds be spent to hire participants in any sub-area which has less than 6 percent unemployment.[2]

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1. Guidelines Section 6 IV D.
2. Guidelines Section 6 III B Eligible Areas.

Malcolm Lovell, Assistant Secretary of Labor for Manpower, is quoted as having said in August 1971 that "preference will be given to programs where area residents serve their own neighborhoods." This would have been a most laudable approach to utilization of the Section 6 funds. However, there is no evidence, either in the Section 6 proposals or in the information from the Urban Coalitions, that a preference was given by the Department or that Program Agents tried to develop such a program.

The proposals and the local survey instruments indicate that in most of the cities involved in this study, no effort was made, nor was any system established, to introduce an area emphasis for Section 6 programs, where the entire city or county had an unemployment rate above 6 percent. Nor is there any indication that attempts were made to recruit area residents for jobs that would serve unmet public service needs in their own neighborhoods.

The proposals and surveys show that, where designated areas received Section 6 funds, participants were selected or were being selected from the designated areas of highest unemployment. In those cases where the entire city was designated to receive Section 6 funds, only one city indicated that target areas were defined on the basis of severity of unemployment or that participants were being selected from these areas as required in the Guidelines.

With respect to the verification of residence in designated areas, only three Program Agents indicated that a random sample of participants was visited. Two required that the participant be certified by a social agency in the area. About one-third required proof of address by automobile license or other identification. The remainder required no verification.

The Labor Department's Rules and Regulations and Guidelines did not define how Section 6 funds were to be distributed among the qualifying areas, cities and counties--except to reiterate the legislation, which permitted designation of any city, county or identifiable area having an unemployment rate over 6 percent. Members of the Department staff indicated that the cities and areas were funded on the basis of a formula incorporating the percentage of unemployed persons over 6 percent and the number of unemployed, where that allocation would require $25,000 or more. Model Cities, Office of Economic Opportunity and Economic Development Administration staff members indicate that they identified many areas that were not funded at all, but which had over 6 percent unemployment and a number of unemployed persons large enough to warrant an allocation of more than $25,000.

TABLE II

RANDOM SAMPLING OF LOCAL URBAN COALITION CITIES

SECTION 6 FUNDING[1]

	City-Wide Funding	Funding of an Area(s)	Number Unemployed[2]	Percent Unemployed
	(--------in thousands----------)			
Miami	$ 355.5	$ 431.1	13.4	5.9
San Antonio	490.2	-	14.5	6.1
Philadelphia	5,853.5	-	67.2	6.2
Providence Pawtucket	90.3	1,109.0	2.1	6.5
Minneapolis	724.0		14.8	6.9
St. Paul	443.7		10.1	6.6
	1,167.7			
Flint	262.1		5.3	6.9
Los Angeles	6,890.1		102.6	8.1
Detroit	6,270.3		69.3	10.6

1. Labor Department Releases
2. Source of unemployment data: State Employment Security Agencies for Program Agent jurisdictions.

Table II is organized in order of the percent unemployed. Only cities that were funded city-wide were included, because there was no possibility of determining the unemployment rate and number unemployed for individual areas within a city. Area data was not included in most Section 6 proposals, and the local Urban Coalition staff conducting the survey could not obtain it in most cases from either the Program Agents or the Employment Service.

When the House and Senate versions of the emergency employment bill were combined, the language left unclear whether all Section 6 funds were to be assigned to wages and fringe benefits or whether the allocation of funds under Section 6 operated under the same formula as Section 5, assigning 85 percent of the funds to wages and fringe benefits.

According to the Labor Department, "Section 10 of the Act states that money for training and manpower services is not to exceed 15 percent of the funds appropriated under Section 5. Hence, the Department determined that it could use only Section 5 monies for training and supportive services. However, recognizing that Section 6 participants might need training and supportive services, the Department issued a memorandum to the field which gave Program Agents permission to use Section 5 monies for these purposes for Section 6 participants."[3]

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3. Labor Department memorandum to The National Urban Coalition, July, 1972

Unless Section 6 Program Agents were urged or required to use funds for training and supportive services, they could not have been expected to do so, in view of the reluctance of administrators to transfer funds from one category to another. Moreover, the residence restrictions to high-unemployment, poverty areas in Section 6 made it easier for Program Agents to use Section 5 funds for Section 5 participants. A permissive memorandum to the field was not sufficient to provide needed training and supportive services to Section 6 participants. Had the Department wanted to encourage such a policy, it could have either allocated a specific amount of money from Section 5 funds for services to Section 6 participants or made an administrative decision to permit a portion of Section 6 funds to be used for these purposes.

Because Program Agents could not operate programs without some allowance for administrative costs, the Labor Department allowed use of Section 6 funds to cover administrative costs of Section 6 programs. It is difficult to understand why a similar practice could not have been followed for training and supportive services, particularly because persons employed under Section 6 were likely, in most cases, to be the most difficult to place unless training and/or supportive services were provided.

Without readily available training funds, the cities inevitably selected participants who already were trained to perform the jobs selected. Through the Guidelines, the Labor Department in effect made a decision that no funds would be available for training or supportive services for Section 6 participants and that only 3.2 percent of these funds would be available to cover the cost of program administration.[4]

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4. Guidelines Section 6 IV D. Application by Program Agents.

VI SELECTION OF PARTICIPANTS

The Act lists several groups of people for special attention, in addition to veterans: "low income persons and migrants, persons of limited English-speaking ability, and others from socio-economic backgrounds generally associated with substantial unemployment and underemployment"[1] and "effectively serving on an equitable basis the significant segments of the population."[2]

A comparison of PEP registrants with enrollees of manpower programs in 1971 reflects the differences in the populations served under PEP and those served in manpower programs in 1971:

TABLE III

	Manpower Program Enrollees - 1971*	PEP Registrants February 1972 (National AIS Data)
Disadvantaged	84%	35%
Less than H.S. Education	71%	22%
Minority Races	45%	31%
Age 21 or less	57%	11%
Public Assistance Recipient	31%	11%

*Source: Manpower Report of the President to the Congress, 1972

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1. Section 2(1).
2. Section 7(c)(2).

Although the EEA is written as though it were a manpower measure, the bill was designed as an employment program. The "emergency" nature of the proposal was not an emergency for the target groups listed in the Act, who had been suffering from an unemployment rate in excess of 6 percent throughout the previous period of low unemployment nationally. The emphasis, even in the title of the Act, was on "emergency employment." Although Congress wrote into the proposal all the requirements of a manpower program--designation of a disadvantaged group for training, provision of training, provision of steps for upward mobility, guarantee of a permanent job on completion of involvement in the program--these were written loosely enough to give the Labor Department the opportunity to broaden the interpretation of what Congress intended, to emphasize the goal of speed and to leave broad decision-making powers in the hands of the states and local communities.

The emphasis on distributing jobs equitably among unemployed segments of the population warrants a careful examination of the characteristics of those who were hired and their relationship to characteristics of the unemployed. Because only 8 percent of the EEA participants were underemployed, the characteristics of the total sample should match the characteristics of the unemployed.

TABLE IV

PERCENT EMPLOYED BY PEP

COMPARED TO PERCENT OF ALL UNEMPLOYED IN U. S.

	% of All Unemployed*	% Employed by PEP (National AIS Data)
Age		
18 or less	11	0
19 - 21	19	11
22 - 44	48	72
45 - 54	12	11
55 - 64	8	5
65 and over	2	0
Sex		
Male	59	73
Female	41	27
Group		
White	81 (inc. Spanish American)	69
Black	19 (Negro & Others)	20
Indian	0	2
Oriental	0	1
Spanish American	0	7
Other	0	1
Weeks Unemployed		
4 or fewer	44	32
5 - 14	32	28
15 or more	24	40

*Source: Manpower Report of the President, 1972.

According to AIS data, the national average of PEP participants who are disadvantaged is 35 percent. However, the study sample indicated a higher frequency of employment for disadvantaged in urban areas--39 percent. No comparable data is available for the percentage of unemployed persons who are poor.

81 percent of all persons unemployed in the United States are white, including the Spanish-speaking. The national AIS data showed 76 percent of all those hired in PEP were white and Spanish-speaking; 24 percent Negro and others. In urban areas comprising the study sample, 40 percent were Negro and 11 percent Spanish-speaking. The cities, particularly, are to be commended for their successful efforts to involve minorities in the program.

No current data is available on the educational qualifications of the unemployed, but data on the poor and non-poor (a reasonable equivalent) shown in Table V can be used to extrapolate.

TABLE V

EDUCATIONAL LEVEL - POOR AND NON-POOR

	Poor*	Non-Poor*	National AIS Data	Local Coalition Sample Sec. 5	Local Coalition Sample Sec. 6
8th grade or less	52%	21%	7%	5%	11%
9th - 11th grade	19%	16%	15%	17%	18%
H. S. Graduates	19%	38%	45%	43%	43%
College-one or more years	10%	25%	33%	35%	27%

*U.S. Census Data, 1969

Table V clearly shows PEP with a marked under-representation of the undereducated, and an equally marked emphasis on those who are high school graduates or above.

Many groups suffering high unemployment have been seriously neglected under the Public Employment Program (Table XV, Appendix). Virtually no 16-to-18-year-olds are included, and only 11 percent of the enrollees are found in the 19-to-21-year-old category, despite the fact that 30 percent of all unemployed persons are 21 and under. No enrollees were in the 65 and over category, and only 5 percent were 55 to 64, while 10 percent of the unemployed are over 55. 41 percent of the unemployed are women, but only 27 percent of those hired under PEP were women.

An example from San Antonio is representative of many:

> As part of the funding process, San Antonio submitted a grant agreement to the Department of Labor. Using a DOL study of San Antonio's "Slum Area" (smaller part of the designated impact area for Section 6 funds), the city cited the following statistics: 58 percent of the sub-area residents had only finished 8th grade and 70.8 percent had not completed high school. Whereas, the city hired people under Section 6 with the following educational levels:
>
> 9 percent with 8 years or less of education (4 of the 45)
> 7 percent with 9 to 11 years (3 of the 45)
> 53 percent with high school diploma (24 of the 45) and
> 31 percent with 13 to 15 years (14 of the 45)
>
> Clearly, this illustrates an educational bias on the part of the city. For a public service program that is specifically designed to aid those who cannot obtain jobs within the private sector because of the language barrier, their

> minority or migrant status, or their lack of skills and educational achievement, the Emergency Employment Act in San Antonio has been heavily concentrated with those of above average (for San Antonio) educational levels. Over all, college graduates comprise 13.4 percent; those with 13-15 years comprise 32.9 percent; and high school graduates comprise 45.7 percent. Those with only some high school (9 to 11 years) total 4.3 percent, and those with 8 years or less are only 3.7 percent of the total EEA participants. The people with 8th grade or less education were hired as laborers (10), labor foreman (1), welder (1) and equipment operator (1). These jobs are low paying.

No compiled data is available for aerospace and defense-related unemployed, but reports from Urban Coalitions indicate these fields were given low priority in the cities sampled.

Another problem revealed by some local Urban Coalition samplings is that of military personnel who have served at local Army bases and retired with government pensions. These people also have been included under the "veteran" category--not a direct breach of the Act, perhaps, but not in line with the legislative intent. No current data exists about the number of retired military personnel hired under PEP. An investigation of this situation, particularly in areas close to large military bases, is very much in order.

The survey instruments were designed to yield information about any special efforts made by PEP sponsors to recruit selectively and hire the "significant segments" of the population referred to in both the legislation and Guidelines. Precise

descriptions of recruitment, referral and hiring mechanisms were sought from the local Urban Coalitions in an effort to determine exactly what procedures were followed for assuring the involvement of "significant segments" of the unemployed in the local population.

The local Coalitions indicated that the Program Agents generally hired the conventionally desirable participants and accommodated whatever others were necessary to satisfy the Labor Department's minimum Guidelines. Only two cities responded affirmatively to the question: "Was a special effort made to hire residents of poverty areas for EEA jobs?" The others gave a "no" answer, indicated the information was not available or stated that "no special effort" had been made.

The inordinately high unemployment rate across the country meant that, in virtually all cases, recruitment as such was no major problem for a Program Agent or its subagents. One respondent to the Coalition's survey noted that the "program had 10 applications for every job funded"--not an atypical situation.

It appears that the principal mechanism for channeling applicants to the appropriate Program Agent was either the local Employment Service or the Program Agent's own Personnel Department. Some Program Agents advertised positions. Others made commitments in their proposals to use minority media and community organizations, but neglected to do so.

The use of community manpower programs as resources for recruitment and selection appears to have been minimal. While "briefings" of new PEP employees took place, no substantial "orientation" or training served as part of the entry system in the sample cities. Since the program provided little money for formal training--the method utilized being basically on-the-job training through the ongoing supervisory process--the provision of manpower services was bypassed in most cases.

To a question aimed specifically at determining the ratio of participants selected from easily identified poverty neighborhoods--such as Community Action Agency target areas or model neighborhood areas--only four respondents provided meaningful answers. During the field interviews, only three of the cities in the sample specifically described who had been hired from CAA target areas of model neighborhoods, or other identifiable poverty areas. In only four cases was the sponsor able to describe the number or percentage of unemployed persons in those areas--indicating that no analysis of the nature and extent of unemployment in the poverty areas had been carried out in preparation for the Public Employment Program.

"Preference" seems to have played a minor role in either the recruitment or the selection process. With few funds available to launch a specialized recruitment effort, preference for the disadvantaged, the unskilled, the young, the elderly,

or women new to the labor market remained a neglected process. Veterans were the only group for whom a major effort toward placement was mounted.

The Rhode Island Coalition, in responding to the survey, made the following observation regarding preference.

> The [Program] statistics read: 71 percent white and 27 percent black. While on the surface this appears to be non-discriminatory, artificial barriers to employment (exams and experience) were very much in evidence. Most minorities were screened into low- or non-career ladder type jobs. For example, there were 20 job openings for firemen. Recruitment was done through ES, newspaper ads, and such. The Employment Service held the initial interviews; the Program Agent did additional interviewing; and, an exam was given. Hiring was done by the Program Agent conditional upon a favorably physical examination. The Concentrated Employment Program referred 10, the majority of which were black; the Opportunities Industrialization Center referred 16 blacks; and, the Model Cities Program referred about a half-dozen blacks. All 20 who were hired for the firemen's positions were white.

Data on individuals actually employed by the Program Agents utilizing EEA funds point to a pattern of employing relatively skilled, albeit unemployed, middle class persons (the majority male)--both black and white. In general, applicants learned of PEP positions through routine channels and applied for jobs. Those who appeared most capable of performing the required tasks were hired.

The work performed by the 70,000 employed under PEP was compared to the work of those who were likely--because of age, education or "disadvantaged" status--to have handicaps in the labor market and were also among the groups designated to receive preference by the Act. (See Table VII.)

The four job areas employing the largest number in the total group--Public Works/Transportation, Education, Other, and Law Enforcement--represent 73 percent of all jobs, while the remaining five classifications--Health, Parks and Recreation, Social Services, Environmental Quality, and Fire Protection--represent 27 percent. (See Table XIII.)

The variation from the national distribution of jobs suggests that those individuals with employment handicaps have been concentrated in the jobs demanding the least skills and offering the least opportunity for upward mobility.

TABLE VII

DISTRIBUTION OF JOBS ACCORDING TO CHARACTERISTICS OF POPULATION (AIS Data)

	Percent of National Average	Percent 21 & Under	Percent 55 & Over	Percent Less than H.S.	Percent Disadvantaged	Percent on Public Assist.
Law Enforcement	12.3	13.9	4.4	6.8	7.0	12.3
Education	21.6	26.0	35.2	21.2	27.5	26.6
Public Works and Transportation	23.0	28.6	28.6	36.6	26.4	16.4
Health	8.0	7.5	4.0	9.3	11.0	16.1
Environmental Quality	4.1	2.6	7.7	5.3	5.4	6.7
Fire Protection	2.5	2.0	0.0	0.1	1.2	1.3
Parks and Recreation	7.6	7.0	5.1	9.9	7.4	5.8
Social Services	5.0	1.1	3.7	0.1	1.8	2.9
Other	15.9	11.3	11.3	8.7	12.3	11.9

As Table VIII indicates, the percentage of those with employment handicaps employed in the top two areas (Public Works/Transportation and Education) varies noticeably from the classifications of those in the national sample.

TABLE VIII

EDUCATION
PUBLIC WORKS/TRANSPORTATION

Category	Percent Employed
National sample	44.6
21 years of age and under	54.6
55 years of age and older	63.8
Less than H. S. graduates	57.8
Disadvantaged	53.9
Public assistance recipients	43.0

Those employed in the lowest three classifications--Environmental Quality, Social Services and Fire Protection--also varied from the national data, as Tables IX and X show. Where the percentage in a given category was high, it usually reflected a few major cities.

TABLE IX

ENVIRONMENTAL QUALITY
SOCIAL SERVICES
FIRE PROTECTION

Category	Percent
National sample	11.6
21 years of age and under	5.7
55 years of age and over	11.4
Less than H. S. graduates	5.5
Disadvantaged	8.4
Public assistance recipients	11.4

TABLE X

SOCIAL SERVICES

Category	Percent
National sample	5.0
21 and under	1.1
55 and over	3.7
Less than H. S. graduates	0.1
Disadvantaged	1.8
Public assistance recipients	2.9

Of the 12 percent of PEP jobs allocated to Law Enforcement in the local Coalition sample, 37 percent were held by blacks and 12 percent by Spanish-Americans--clearly indicating that the cities have become conscious of the need to increase the number of minorities on their police forces.

The same was not true of Fire Protection. Only 2.5 percent of all jobs in the national data were in Fire Protection. Of these jobs in the local Urban Coalition sample, only 10 percent were held by blacks and 4 percent by Spanish-Americans, although 41 percent and 19 percent of the local Urban Coalition PEP employees were black and Spanish-American, respectively. The black and Spanish-American involvement was concentrated in a few cities. Traditionally, there has been a serious shortage of minority employees in fire departments across the country. PEP could have been used more creatively to eliminate these traditional barriers to employment of minorities.

Similarly, a small number--3 percent--of the jobs provided under PEP were in Environmental Protection. Of those employed in these jobs, however, 41 percent were black and 18.5 percent Spanish-American. It appears that traditional barriers to minority employment have not developed in those relatively new job classifications.

Additional information is needed to determine precisely what these jobs consisted of, whether the people with handicaps received any training or other manpower services, and to what extent they were given opportunity for permanent employment.

VII EMPLOYMENT, TRAINING AND SUPPORTIVE SERVICES

Training, Administration and Supportive Services

The Act states that "Not less than 85 percent of the funds appropriated...shall be expended for wages and employment benefits...."[1] With this statement of intention Congress placed in serious jeopardy the fulfillment of its intention to provide related training and manpower services.[2] With only limited funds remaining, the Public Employment Program at the local level was forced into one of two patterns. Cities either were required to identify and fill jobs for which no significant vocational training was necessary, or they had to fill jobs demanding skills and education with persons already possessing those skills and education. The Act does not provide sufficient manpower services to assure that individuals who did not already possess the skills could be adequately prepared for careers under the EEA.

The legislation requires that the program application include "a plan for effectively serving on an equitable basis the significant segments of the population to be served."[3] This is a major feature of the legislation, for it in effect requires the sponsoring agency to detail its strategy for serving racial minorities, veterans, youth, older (over 45)

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1. Section 3(b).
2. Section 2.
3. Section 1(c)(2).

workers, women, the non-English-speaking and other categories of workers who have disproportionately high unemployment rates. It is precisely these sub-groups of the labor force who most need training and related services in order to compete on an equitable basis within the labor market. The non-English-speaking require in-depth literacy training; young people frequently are without marketable skills and in need of extensive vocational training; women with young children need day-care services.

Any plan for "serving on an equitable basis the significant segment of the population to be served"[4] therefore would logically require a detailed training and supportive services strategy. Yet Congress authorized so little funding for these important components that its own requirements to give preference to the target population cannot be met realistically unless jobs for which few appreciable skills are necessary are designated for EEA funding. With the best of intentions a Program Agent would have found it difficult to involve an equitable cross-section of the unemployed.

If a Program Agent selected the most likely option of creating or filling technical and semi-technical jobs, thus avoiding the need to define and construct an underfunded training or supportive service system, the sponsor then would be obligated to hire from the portion of the labor force which

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4. Section 1(c)(2).

already enjoys the greatest mobility and competitive advantage within the labor market. These persons are high school and college graduates, predominantly male, between the ages of 22 and 45.[5] The tragic irony in this situation is that the chronically unemployed were neglected once again by a program designed to reach them. For the second quarter of 1971 the unemployment rate for "urban poverty neighborhoods" stood at 10.1 percent while that for "other urban neighborhoods" was only 5.8 percent. Unemployment of black youth in urban poverty areas during the second quarter of 1971 registered a staggering 36.2 percent. In addition, unemployment rates for females held consistently higher than those for males.[6]

The Labor Department's Guidelines allocated only 10 percent of EEA funds for administration and supportive services (the remaining 5 percent was retained by the Department for its own cost of administration, data collection and analysis and evaluation). Of the 10 percent available to local or state Program Agents, 3.2 percent was allocated for administration and 6.8 percent for training and supportive services. The proposals submitted by the cities included in the study showed that 87.8 percent of the funds were allocated to wages and fringe benefits, 3.8 percent to training and supportive services and 8.1 percent

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5. Data from the 1971 Fourth Quarter Report of the Bureau of Labor Statistics, U.S. Department of Labor.
6. See Appendix, Table XV AIS Data.

to administration.[7] The cities needed the administrative funds to operate the programs, and those funds were provided; consequently training and supportive services were underfunded. Program Agents had to rely primarily on supervisor-on-the-job training for whatever training and supportive services were to be provided.

An analysis of the Section 6 proposals included in the study showed that 92 percent of project funds was to be spent on wages, 8 percent on administration and--in accord with the Labor Department Regulations and Guidelines--virtually no funds for training or supportive services. Ironically, the Labor Department interpreted the legislation as not requiring any training and supportive services for Section 6 programs[8]--those intended to serve high unemployment areas with residents most likely to need those training and supportive services.

The Labor Department's Guidelines stipulated that:

> Because of the limitation of funds available for training and supportive services, Program Agents must make every effort to secure these services from existing agencies and Federally funded manpower training systems and facilities. Among existing Federally assisted manpower resources that should be explored for linkage are the Concentrated Employment Programs, MDTA Program (particularly area skill centers) and the Public Service Careers Program, Job Corps and Work Incentive program.[9]

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7. This data was taken from an analysis of the proposals for Urban Coalition cities. The data is such that it might reflect funds allocated by the local community. The Urban Coalition recommends that DOL investigate this further.
8. See discussion of Section 6 in Chapter V.
9. Guidelines Section 5.

A large city or heavily populated county that had these resources might have accomplished this objective, provided that political and bureaucratic barriers could have been kept to a minimum and that job slots in those programs existed without additional funding. Such possibilities were limited and problematical. Even with a full spectrum of available manpower programs, all the other diverse supportive components, such as health services and coverage, day care, transportation-although theoretically available to Program Agents--would have been in short supply. The Department never issued a directive to the Concentrated Employment Programs, Skill Centers, Employment Service Offices or any of the other manpower projects it financed to reserve for PEP enrollees some portion of their services which already had been funded. Without a directive, there was no chance that existing manpower programs, already overburdened and under pressure, would respond on a priority basis to referrals by city and county personnel offices.

Apparently plenty of qualified or semi-qualified job seekers were ready to move into PEP positions, providing an "easy" solution to a complex problem. A local government thus did not have to make overtures to manpower programs for training resources if it was prepared to take the expedient of recruiting those most readily capable of filling the jobs rather than those most in need of employment.

Local Urban Coalitions reported that in the majority of cases the only training available was on-the-job training by supervisors. Transportation and child care generally were not available. Two-thirds of the respondents reported no provision for counseling. Most of the other third reported some counseling by supervisors, who probably had no training in counseling. About one-third received the same health examinations and health coverage available to other civil servants on hiring; the rest received no health services or coverage. Most participants, once on the job, received the same fringe benefits available to employees of the regular civil service system.

Permanent Jobs

The Labor Department's Guidelines state that each Program Agent and the employing agencies responsible to it must plan to place at least half of the EEA participants in continuing positions with the Program Agent or the employing agencies financed through EEA. In all cases, the Program Agent must set forth, in writing, any deviation from this requirement.

The cities in the Coalition sample are divided evenly on the question of whether budget projections reflect permanent jobs being held for persons currently in EEA-supported jobs. The responses to the field interviews indicate not only that steps in this direction have not yet been taken, but that, in

some cases, the only service to be offered at completion of PEP will be the counseling of participants for private industry. In only one case was a written commitment from sub-agents submitted--the single instance where "first preference" for PEP participants for placement in open civil service jobs was stated unequivocally. The field surveys, moreover, did not indicate that any special effort has been made to move people out of PEP-supported jobs into regular civil service jobs as those jobs become available.

It is too early to expect that many PEP enrollees would have moved into permanent positions, but it is not too early for Program Agents to have obtained commitments that future openings in similar classifications would be reserved for PEP employees.

Career Advancement

The legislation further requires that the jobs be designed so as to develop opportunities for career advancement, provide opportunities for continued training and provide "transitional" public service employment which would enable participants to move into public and/or private employment. The legislation refers to career advancement of participants and to the provision of skills that are expected to be in demand. In view of the limited training and other manpower services available, Program Agents can do little to translate the concept of new careers and career advancement into practice.

"Career advancement" usually can be achieved only by investing training funds and time in the employee. The requirement for the retention in permanent employment of a minimum of 50 percent of PEP employees cannot be treated lightly because considerable planning, time and funds are usually needed to meet it. The Labor Department's administration of the program does not adequately reflect these considerations. Nor do the Guidelines indicate how this requirement is to be enforced.

The creation of new careers was another stated objective of the legislation.[10] It can be argued that with slow and careful planning, and with skillful negotiation, Civil Service Commissions and municipal personnel offices could have developed PEP projects to serve a "new careers" objective. But the tremendous speed with which the Labor Department required cities to prepare their applications for funding, and all the ensuing pressure for quick "results," blocked incentives for formulating carefully phased career development models.

Perhaps the "new careers" were new to some individual employing agencies, but on the whole this was scarcely a new classification. Job restructuring was a rare development. The law stated that job restructuring was to be accomplished "to the maximum extent feasible." However, agencies that made no efforts at job restructuring can not be said to have complied with Congressional intent. Career ladders, another requirement, were

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10. Section 7(b)(1)(2).

being built in a few cases; in some cases the career ladder consisted of moving from Assistant Director of an agency to Director of an agency--scarcely what Congress intended by "career ladder."

Unions

The Act provides labor organizations with the opportunity to comment on the PEP proposals both to the applicant and to the Secretary.[11] Only two proposals from the sample Coalition cities included comments from appropriate labor unions--one favorable and one unfavorable. The Labor Department admitted that it did not have time to consider most of the comments that were made in the proposals.

Some unions were upset with that section of the Guidelines and Regulations which defined an underemployed person as one who is "working for an employer other than the Program Agent" because that eliminated any opportunity for upgrading civil servants and members of the union who already were employed by the Program Agent. The unions felt this decision by the Labor Department adversely affected their membership.

In almost all cases where a union was operative, the employees of PEP, once hired, did receive the opportunity to obtain union status and union benefits.

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11. Section 12(c).

Civil Service Guidelines

> The legislation requires assurances that the program will, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement, including civil service requirements which restrict employment opportunities for the disadvantaged
>
> and
>
> ...assurances that agencies and institutions will undertake analysis of job descriptions and a reevaluation of skill requirements at all levels of employment, including civil service.[12]

Local Urban Coalitions participating in the sampling report that some Program Agents are following normal civil service hiring procedures and others have been beset by time constraints and program deadlines. Even more significant is the indication that many of the Program Agents have not yet come to grips with the civil service issue. Comments such as "Our job descriptions are not that strict or binding--we have very flexible job descriptions and have not had a need to revise them" and "no evidence to date as to the implementing of merit or civil service program" indicate that some Program Agents need to focus on the equitability and appropriateness of their hiring and employment practices required by EEA Guidelines.

One Coalition respondent in the field survey noted that "although responses were in the positive concerning changes in, and reevaluations of, the civil service system...the system

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12. Section 7(c).

'screened out' automatically specified minorities and 'disadvantaged.'" The respondent stated that "there were still artificial barriers (exams, published employment lists and the like)."

Civil Service Commission Guidelines developed specifically for PEP require that Program Agents utilizing EEA funds address such problems as reevaluation of skill requirements, revision of job descriptions, modification of merit system practices and elimination of artificial barriers to employment.

The "lack of EEA participants with less than a high school diploma" indicated to one local Coalition survey team that the city "did not reevaluate job structures and civil service requirements in a manner aimed at compliance with the Act." Another report stated:

> The changes agreed to during Employment Task Force meetings with the City and the Civil Service Commission supposedly affected 28 slots. From the final count, however, only 1 (out of 4) Intake Worker (classified as Administrative Assistant II) has only a high school diploma. Two have 14 years of education and the fourth has 13. No Community Service Aides have less than a high school diploma. (Ten of these slots were transferred to other positions because the job required a car and license, a requirement the City felt would discriminate against the poor.) Even if the Employment Task Force recommendations were accepted by the Civil Service Commission and the City Personnel Office, the results indicate this change was made on paper but not implemented.

One major consequence is the need for "full" and official, rather than "provisional," civil service status for PEP employees. Coalitions participating in the field survey reported that their local communities were divided on this point. In a few placed, PEP employees have been "blanketed in"--afforded civil service status as a group. In many other communities, however, PEP employees have been relegated to second class status as "provisional" employees with only a remote chance that their status will change. Some enrollees have been placed in "exempted" positions. Nearly all the respondents in the field survey indicated that those EEA personnel who were "exempted" would not be given first preference for any civil service position if and when one opened.

Wages

Data from the local Coalitions shows that wages were commensurate with the prevailing wages for the Program Agent, and usually with the prevailing wages for the whole community. In most cases, fringe benefits were the same as those provided to regular civil servants. The major disparity was to be found in retirement benefits, frequently because of state law.

PEP participants in general earned more than they had made before they were admitted to the program. (See Table XI.) Of those employed before PEP was established, according to national data, 16 percent were receiving less than the minimum wage and

therefore had to be raised to the minimum wage. The pre-PEP hourly wages reported indicated--assuming that anyone earning less than $2.00 an hour is in poverty--that 32 percent were in poverty (31 percent of Section 5 participants and 44 percent of Section 6). When the same $2.00-an-hour breakpoint was used, 13 percent were still in poverty with PEP hourly wages (8 percent of Section 5 and 29 percent of Section 6 participants).

Despite the need to raise a substantial number of participants above the poverty level, the major expansion in wages seemed to come from the category ranging from $2.00 to $3.99 an hour--or between $4,160 and $8,300 a year. Yet there is a noticeable difference between the wages of Section 5 and Section 6 participants. The major increase for Section 5 participants was in the $3.00-to-$3.99-an-hour category, and the primary increase for Section 6 participants stemmed from the $2.00-to-$2.99-an-hour group. This suggests that the jobs made available to those funded under Section 6 tended to be of lower caliber than the jobs of those funded under Section 5. The percentage of people paid $4.00 and above is higher among Section 5 participants than among Section 6 participants. This could be the result of a higher percentage of college-trained people in the Section 5 program than among the Section 6 participants.

TABLE XI*

PERCENT OF PEP EMPLOYEES IN EACH HOURLY WAGE CLASSIFICATION

	Feb. 1972 National AIS Data		AIS Data for Urban Coalition Sample			
			Section 5 Hourly Wages		Section 6 Hourly Wages	
	Pre-PEP Hourly Wages Natl. AIS %	PEP Hourly Wages Natl. AIS %	Pre-PEP %	PEP %	Pre-PEP %	PEP %
Under $1.60	16	1	19	1	18	-
$1.60 - $1.99	16	12	12	7	26	29
$2.00 - $2.99	33	47	28	30	37	49
$3.00 - $3.99	20	27	20	39	12	14
$4.00 - $4.99	8	8	7	8	4	5
$5.00 and over	8	5	14	15	2	2

*The Labor Department data is limited as a result of the omission of a pre-PEP wage on a significant number of AIS record cards.

The wages projected in the proposals in the local Coalition sample average $3.00 an hour or $6,240 a year. The lowest average wage proposed was $2.19 an hour; the lowest single wage proposed was $1.61 an hour or $3,324 a year. The average wage paid to participants in the Coalition survey sample based on AIS data for Section 5 jobs was $3.44 an hour or $7,155 a year. The average for Section 6 jobs amounts to $2.57 an hour or $5,346 a year. The average national wage (which includes both Section 5 and Section 6) is $2.99 an hour or $6,219 a year.[13]

The difference between wages in the local Coalition sample and wages throughout the country is inconsequential ($32.00 a year). However, the difference ($1,809) between the Section 5 average wage ($7,155) and the Section 6 average wage ($5,346) for the same Coalition sample cities is greater than can be accounted for by factors of education, age or other personal characteristics of PEP employees.[14] The Section 6 sample is unfortunately too small to yield final conclusions.

The Labor Department should start to maintain data separately for Section 5 and Section 6 jobs and to examine the comparative qualifications of both Section 5 and Section 6 participants, cross-referencing their salaries and job classifications.[15] If the data confirms the preliminary findings of The National Urban

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13. See Appendix, Table XV
14. See Appendix, Table XV.
15. At the time that the study was done, the Labor Department did not keep separate data. The Department now reports Sections 5 and 6 separately as recommended in the text above.

Coalition's study, those prejudgments frequently encountered among employers about the capacity of those living in poverty neighborhoods may have been perpetuated under the program.

The National Urban Coalition does not believe that this data obtained through the Coalition sample is adequate to indicate more than a trend, but it does feel that additional in-depth study is essential to uncover what could be a serious flaw in the program.

VIII UNMET SERVICE NEEDS

One of the purposes of the Act, stated in the legislation, was to assist state and local communities in providing needed public services: "to fill unmet needs for public services in such fields as environmental quality, health care, housing and neighborhood improvements, recreation, education, public safety, maintenance and streets, parks and other public facilities, rural development, transportation, beautification, conservation, crime prevention and control, prison rehabilitation and other fields of human betterment and public improvement."[1]

It appears that many sponsors performed hasty analyses of the latest budget requests from operating departments, determined which staff slots were left unfilled because of fiscal shortages, and defined the functions of those unfilled slots as "unmet public service needs." The fiscal needs and constraints of the departments were, according to the Coalition sample, the single most important consideration in determining the unmet needs for public services. Even elected public officials, presumably responsive to the requests of the local community, apparently played little part in creating these new job opportunities. The community rarely had lead time or sufficient knowledge to bring pressure for particular services. Surveys of communities and neighborhoods with high unemployment,

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1. Section 2(5).

theoretically areas toward which the EEA program was to be directed, were used rarely or not at all. Apparently no formal procedures were established or significant effort made to adjust bureaucratic requirements to specific unmet needs in the community. In many cases, special surveys of operating agencies and departments were conducted, but the surveys tended only to restate the dilemma of unfunded positions. "Unmet public service needs" were determined finally, for the most part, by agency and department heads.

The survey instruments attempted to cross-check the process of how unmet needs were defined locally by asking the Program Agents to "list up to six specific criteria utilized in establishing priority of unmet service needs." The majority answering this question indicated that needs were determined primarily by city departments. A few of the returns specified that there had been some sort of community involvement. Some of the survey instruments carried no response whatsoever.

Program Agents were asked to rank, in order of importance, the nine categories of public service need established by the Labor Department. (See Table XII.)

TABLE XII

RANK ORDER OF STATED PRIORITY OF UNMET PUBLIC NEEDS

AND PERCENT DISTRIBUTION

OF THOSE EMPLOYED IN PUBLIC SERVICE AREAS

	Rank Order as Stated by Program Agents in the Coalition Sample	Rank Order Based on Distribution on National AIS Data	% Employed in Each Classification Based on National AIS Data
Public Works/Transportation	1 (3.6)*	1	23.
Law Enforcement	2 (4.6)	4	12.
Health & Hospitals	3 (5.0)	5	8.
Education	4 (5.2)	2	22.
Social Services	5 (5.4)	7	5.
Parks and Recreation	6 (5.7)	6	7.5
Environmental Quality	7 (6.0)	8	4.
Fire Protection	8 (6.1)	9	2.5
Other	9 (6.7)	3	16.

*Statistical Average to the rank order listed by Program Agents in the local Coalition sample.

An examination of the rank order of stated priorities in each of the Labor Department's nine categories (See Table XII) derived from the sample of Program Agents shows a considerable difference in pattern from the rank order based on an analysis of actual placements reflected in the AIS data. The averages for the classifications are much more closely "bunched" in the Program Agents than they are in the actual job distribution. The jobs in the "Other" category[2] were largely administrative jobs, according to the Department's data, whereas the identification of "others" by the Program Agents in the response to the survey included "rehires," libraries, museums and similar substantive areas, rather than just administrative positions. An analysis of examples of the types of PEP jobs indicates that a high proportion of jobs contained in the other categories were clerical and administrative. (See Appendix, Tables XVI and XVII.)

The lowest five categories (Social Services, Parks and Recreation, Environmental Quality, Fire Protection, Other) represent a marked break from the top four (Public Works, Law Enforcement, Health and Hospitals, Education).

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2. Labor Department definition: Category includes all governmental functions not included in categories 1 through 8. Typically, this category will include administrative organization such as the Comptroller's Office, Personnel Office and similar administrative units.

TABLE XIII

PERCENT DISTRIBUTION OF HIGH AND LOW PRIORITY AREAS OF SERVICE

	Average Rank Order	% AIS
Top Priority (Public Works/Transportation, Law Enforcement, Education, Other)	5.0	73
Low Priority (Health, Social Services, Parks & Recreation, Environmental Quality, Fire Protection)	5.6	27

The relatively low status accorded to Social Services is particularly disturbing, for within that category fall such diverse but important areas as housing relocation, family and employment counseling, child care, welfare and community development. It appears that the Program Agents surveyed regarded the EEA more as a means for strengthening existing bureaucratic structures than as an instrument for helping to solve the social problems of the disadvantaged communities.

Yet, of the occupations identified in the Labor Department's Guidelines for Section 5 as expanding Public Employment jobs (see Table XIV)--which the Program Agents list as classifications in which they intend to hire personnel--46.5 percent are in the five classifications which represent only 27 percent of the AIS. The five classifications are Fire Protection, Social Services, Environmental Quality, Parks and Recreation, and "Others." The AIS data, however, represents actual hirings.

Those previously employed by the Program Agent occupied 21 percent of the Section 5 jobs in the study sample, 13 percent of the sample's Section 6 jobs and only 11 percent of all PEP jobs nationally. Most of the rehires were concentrated in a few major cities which had had to fire staff. The major cities dismissed a higher proportion of civil service staff than did other jurisdictions. Most of the other cities had "a freeze" on new positions. Where cities did not rehire, it was not because of any special commitment but because they had no staff to rehire. The budget squeeze in most cities had not forced them to fire staff but rather had prevented them from budgeting for support staff that the departments and personnel offices believed were needed. These are many of the positions created under PEP.

TABLE XIV

EXPANDING PUBLIC SERVICE OCCUPATIONS*
(by Public Service Area Category)

	Number	Percent
LAW ENFORCEMENT		
Police and Guards	637	11.3
Police Community Relations	100	1.8
Probation Workers	60	1.1
	797	14.2
EDUCATION		
Education Aides	564	10.0
	564	10.0
PUBLIC WORKS AND TRANSPORTATION		
Building Service Workers	599	10.6
Housing Inspection	30	0.5
	629	11.1
HEALTH AND HOSPITALS		
Nursing (Registered, Licensed, Practical & Nurses Aide)	269	4.8
Health Aide (Community)	200	3.6
Technician (Medical & Dental)	55	1.0
Dieticians	8	0.1
Physio-Therapist	0	0.0
	532	9.5
ENVIRONMENTAL QUALITY		
(None)		
FIRE PROTECTION		
Firemen	169	3.0
	169	3.0
PARKS AND RECREATION		
Recreation Workers	231	4.1
Recreation Aides	192	3.4
	423	7.5

*Source of job classifications: "Illustrative List of Expanding Public Service Occupations," Guidelines - EEA Section 5

TABLE XIV
(cont'd)

	Number	Percent
SOCIAL SERVICES		
Child Care Instructor	545	9.6
Social Welfare Workers	461	8.1
Neighborhood Worker	307	5.4
Juvenile Counseling	163	2.9
Vocational Counseling	25	0.4
	1501	26.4
OTHER		
Secretaries/Typists	577	10.2
Public Administrator	144	2.6
Data Processing	143	2.5
Librarian	98	1.8
Public Personnel and Training	59	1.0
Office Machine Operators	14	0.2
	1035	18.3
TOTALS	5650	100.0%

IX CONCLUSIONS AND RECOMMENDATIONS

Although the EEA created and funded jobs with great speed, on the whole it must be termed too little and too late. Long-range planning would have made the difference--and it must be applied to any future public service employment programs if they are to succeed.

The "emergency" the EEA was intended to meet did not begin with the passage of the Act in July 1971. The many seriously disadvantaged in our society had been plagued throughout the 1950s and 1960s by the problem of access to jobs, high unemployment rates, inappropriate experience and barriers to employment in the public and private sectors. The recession that raised the unemployment rate in 1970 and 1971, leading to the "emergency" of 1971, was predictable in 1969 and before.

Thus, there was little excuse for the unclear goals, inadequate funds and unrealistic time frames that hampered the implementation of the EEA from its inception. Sensible planning in the operation of a public service employment program as part of a total economic policy designed to reduce inflationary pressures and stimulate employment of the structurally unemployed, rather than to remove the frictionally unemployed from the labor market, should be the goal of all future expansions in EEA or other public service employment programs.

The importance of expanding the program cannot be overemphasized. But it is essential that any expansion be preceded by the kind of careful planning that did not precede implementation of the EEA program. If it is to achieve its purpose, an expanded public service employment program must meet two criteria: it must employ, train and upgrade those who cannot be employed elsewhere, and it must fill public service needs that are not now being filled.

General Conclusions

At best, the PEP will provide employment for only 3 percent of the unemployed. Persons placed in jobs have been, to a large extent, those who had the most potential for placement in the private sector or in regular civil service positions. Characteristically, they were adult males, with a high school education or more, who had been unemployed for only a short period of time. They apparently had significant skills; little or no money was spent in training them to perform their jobs. Placed in PEP positions, they were not available for private sector jobs.

Frictional unemployment based on normal turnover is a natural--in fact healthy--aspect of our economy. Our data shows that 60 percent of those hired under the PEP were unemployed for fewer than 15 weeks. The Labor Department's AIS system lists EEA participants under three categories: those unemployed between 5 and 14 weeks; and those unemployed four

weeks or fewer.[1] Twenty-six percent of Section 5 participants and 28 percent of Section 6 participants for the Coalition sample cities had been unemployed four weeks or fewer. Because so many eligible participants had been unemployed much longer, it must be argued that priority should have been given to those unemployed more than four weeks.

It would appear, therefore, that many of those placed on federally supported payrolls, except in depressed areas, probably could have been absorbed into the normal labor market had a more aggressive placement effort been made. Taking such well prepared individuals out of the labor market tends to have an inflationary influence on the economy.[2] PEP was not used primarily to make chronically unemployed, difficult-to-place persons able to compete better in the labor market. Instead it skimmed off those among the unemployed who were easiest to place, thereby increasing the demand for skilled workers in jobs that have not been filled in all but the most depressed areas, even during periods of high unemployment.[3]

Had there been an effective labor exchange capable of placing those unemployed who are experienced, educated and able to enter new job classifications, many of those hired under EEA could have been moved into private sector jobs.

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1. See Table XV.
2. Urban Institute - Charles Holt et al - Manpower Phase III.
3. See the number of jobs listed and unfilled in ES offices throughout the country.

In turn, a much greater number of uneducated and unskilled unemployed persons could have been upgraded and trained in public employment jobs, thereby increasing their productivity. Training could have contributed to the upward mobility of these workers and removed them from the fierce competition for the few low-skilled jobs remaining in the labor market. The limited funds available for manpower programs should be utilized to obtain maximum rather than minimum benefits.

The operation of the PEP has tended to stress the unmet needs of city administrations and neglected the unmet service needs of poor people. In only a few cities were there reported efforts to provide jobs other than those that those cities, as a result of their fiscal problems, had either frozen, left vacant or been unable to budget. According to PEP Guidelines, new job opportunities were to be created to supply improved services in poverty areas. The unmet needs addressed by the program were often more the unmet needs of city governments than unmet needs of the target populations. Congress did not design the EEA to serve the purposes of general revenue sharing under the guise of an employment program.

Although the legislation requires the elimination of civil service barriers to employment, the PEP has made little progress in eliminating these impediments. More intensive recruitment of

less skilled workers, combined with substantive job training to increase performance levels, could have reduced the number of vacancies requiring skilled workers.

Inadequate funds for training and supportive services virtually assured that under PEP only a small percentage of unskilled, semi-skilled and otherwise disadvantaged could effectively be brought into the work force, either temporarily or permanently.

The legislation also called for equitable allocation of funds among and within the states on the basis of the ratio of the number unemployed in a state to the number unemployed nationally. The Labor Department set up a new allocation system providing equal weight to the number of unemployed and to the severity of unemployment, causing serious imbalance among the recipients of the program.

Case Study: A Program Which Seemingly Complied with the Guidelines

The Pittsfield, Mass., Urban Coalition cited a program carried out--despite the time pressures--in accord with the intent of the legislation that could serve as a model for other jurisdictions:

The program's long-range objective was to guarantee that people with the greatest need were to be given the highest preference for the few available PEP jobs--sufficient only to employ 4 percent of the county's unemployed people.

Outreach and recruitment were carried out by community agencies and the Employment Service. The agencies were encouraged to search their own constituencies. The respondent further reported:

> No one could report for an interview without first reporting to one of these agencies to be certified eligible for PEP employment, in order to reduce the amount of favoritism that would prevail if people reported directly to each public agency.

Eligibility included only primary wage earners and secondary wage earners in cases where the family income was below the poverty level. Those selected, other than veterans, had to have been unemployed for more than six months.

Job placement stressed the creation of a job that would lead to permanent employment. Whether a job met an "unmet public need" was only a secondary consideration. The survey continued:

> People with the greatest need had the first opportunity for jobs that hopefully would lead to permanent employment for the participants either within the city structure or in private industry as the economy turns around.
>
> Civil Service provisions became a drag on the program and a significant delaying factor. We overcame it by ignoring it to a large extent. We learned to use job titles already on the Civil Service list and then used our own job description when recruiting.
>
> The decision as to which neighborhoods should be covered by Section 6 was determined by taking an approximate one-third sample of the people receiving unemployment compensation and then recording which census tract they lived in. By then taking the 1970 population data of people between the ages

of 18 - 65, we reapportioned the unemployed through all census tracts. We then chose those census tracts with unemployment rates above 6 percent as being eligible for Section 6. Exceptions to the rule were made only for low income housing projects located outside the high unemployment areas.

Because of the crash nature of the program, lack of staff and having to continue trying to play catch-up football, no serious effort has been made in the counseling, education and training portion of the program. This part is just now getting underway. The primary area of concern, however, will be job counseling to get the individual into permanent employment instead of just a transitional job. The education and training will be supplemented to that purpose.

Recommendations

The National Urban Coalition believes that some of the PEP's major problems can be resolved if these recommendations are followed:

1. In order to have maximum impact on the economy and unemployment, PEP funds must be substantially increased, so that the program can serve at least 10 percent of the unemployed.

2. Recruitment of new PEP enrollees should emphasize young people, women, non-high school graduates, older workers and other groups not adequately served to date. Every Program Agent should be required to submit an acceptable plan for recruiting from those groups before it is refunded. Persons above the poverty level with independent incomes should not be eligible for PEP placement.

3. Special consideration for employment should be given to any person who has been unemployed for more than 15 weeks (or 6 weeks if not eligible for unemployment compensation) or has a family income below the level established as the poverty level.

4. Section 5 funds should be distributed exclusively on the basis of the total number of persons unemployed.

5. Allocations for Section 6 funds should be published 90 days before funding with information about the number and percentage of unemployed persons in the city, county or area as well as the proposed funding level. Other areas that have equally high local unemployment rates but have not been selected, or feel that their allocation is not equitable, should then have 60 days to qualify their cities, counties or areas for a share of the Section 6 funds.

6. Only people from areas of high unemployment within the city should be employed under Section 6. People from areas where unemployment is not above 6 percent who are currently employed under Section 6 should be transferred to Section 5 as rapidly as Section 5 slots become available.

7. Program Agents must not be permitted to use PEP funds to transfer employees from local government payrolls to Federal support payments. Not more than a small percentage of PEP

funds--possibly 10 percent--should be allocated to government housekeeping/administrative jobs to assure that the program stresses public service needs.

8. To avoid channeling difficult-to-place individuals into low-paying jobs that provide few opportunities to gain skills, Program Agents that assign more than 20 percent of the PEP jobs to Public Works and Transportation should be required to specify how these positions contribute to the "unmet public service needs," particularly the needs of high unemployment areas, and how the positions are benefitting the unemployed.

9. A larger proportion of Section 5 funds and at least an equal proportion of Section 6 funds should be available for training and supportive services, as long as existing manpower and social service programs cannot meet this need.

10. Private non-profit agencies providing needed public services should be allowed to become employing agents under contract to public Program Agents. They, as well as industry, should be used more effectively as alternate resources for permanent placements for those not being placed in public agencies.

11. Highly qualified PEP participants should be placed in regular non-subsidized jobs as soon as those jobs become available. They should be replaced insofar as possible by enrollees

with employment handicaps. At least one-third of all PEP participants should be placed in permanent jobs each year.

12. In categories where marked discriminatory practices have existed--Fire Protection, for example--minorities, where available, should be given preference.

13. Program Agents should be required to make specific changes in civil service procedures to eliminate barriers to public employment by those most in need, as a condition for refunding of their PEP proposals. The upgrading of underemployed Program Agent staff should also be undertaken to provide opportunities for career advancement to civil service employees who are underemployed.

14. The Labor Department should conduct a study of the AIS data on wages paid for Section 5 and Section 6 participants, comparing:

    Job Classifications
    Education
    Age
    Race
    Other Variables

    A major effort should be made to eliminate salary differentials.

15. The Department should form an advisory committee on the PEP. The committee could also serve as an advisory group on the development of all public service employment programs. The advisory committee should include public members as well as beneficiaries of the program.

16. Future legislation or administrative guidelines should utilize manpower councils, composed of members of the groups and areas to be served as well as other community representatives, to assist the Program Agents in the planning, monitoring and evaluation of the Public Employment Program.

APPENDIX A

TABLE XV

AIS DATA FOR URBAN COALITION SURVEY SAMPLE

Characteristics	Percentages		
	2/17/72 National	Urban Coalition Sample Section 5	Urban Coalition Sample Section 6
Age			
18 or Under	0	-	-
19 - 21	11	10	10
22 - 44	72	75	68
45 - 54	11	9	14
55 - 64	5	5	7
65 and over	0	-	-
Sex			
Male	73	76	70
Female	27	24	30
Group			
White	69	48	48
Black	20	41	31
American Indian	2	-	-
Oriental	1	-	-
Spanish American	7	10	19
Other	1	-	-
Military Service Status			
Special Veteran	14	20	14
Vietnam-Era Veteran	16	13	9
Veteran	17	14	11
Non Veteran	53	53	66
Disadvantaged	35	38	45
Public Assistance Recipient	11	12	12

TABLE XV

(cont'd)

Characteristics	Percentages		
	2/17/72 National	Section 5	Section 6
Education			
8th or Less	7	5	11
9th - 11th	15	17	18
12th	45	43	43
13th - 15th	18	14	18
16th and More	15	21	9
Previously Employed by Agent	11	21	13
Weeks Unemployed			
4 or Fewer	32	26	28
5 - 14	28	31	27
15 or More	40	43	45
Pre-PEP Hourly Wage			
Under $1.60	16	19	18
$1.60 - $1.99	16	12	26
$2.00 - $2.99	33	28	37
$3.00 - $3.99	20	20	12
$4.00 - $4.99	8	7	4
$5.00 and Over	8	14	2
PEP Hourly Wage			
Under $1.60	1	1	-
$1.60 - $1.99	12	7	29
$2.00 - $2.99	47	30	49
$3.00 - $3.99	27	39	14
$4.00 - $4.99	8	8	5
$5.00 and Over	5	15	2
Labor Force Status			
Unemployed	90	91	90
Underemployed	10	9	10

TABLE XVI

PEP JOB CLASSIFICATIONS FOR SAMPLE CITY A

SECTION 5 - POSITIONS

Health & Hospitals

12 Ambulance Attendant
2 Medical Technologist

Auditor

1 Management Analyst I
1 Clerk Typist II

Zoning Administration

4 Zoning Inspector I
1 Appraiser Negotiator I

Safety & Claims

2 Safety Analyst
1 Clerk Typist II

General Services

1 Maintenance Repairman
4 Custodial Worker

U.R.D.A.

1 Clerk Typist II
1 Administrative Assistant I
1 Clerk I
1 Accountant I

Public Library

1 Gardener Florist I
2 Library Assistant I
2 Library Assistant II

Career Service Authority

4 Personnel Technician III
2 Clerk Typist II
1 Clerk II

City Attorney

1 Attorney II

Parks & Recreation

6 Tree Trimmer I
1 Draftsman II
6 Recreation Leader
1 Safety Analyst
2 Clerk Typist II

Public Works

6 Utility Worker I
2 Project Inspector
4 Draftsman II
2 Painter I
1 Maintenance Repairman I
4 Auto Serviceman I
1 Accountant I

Safety

7 Deputy Sheriff I
1 Maintenance Mechanic
1 Clerk Steno II

Community Relations

2 Administrative Intern I

TABLE XVI (cont'd)

SECTION 6 - POSITIONS

Health & Hospitals

4 Clerk I
18 Clerk II
1 Clerk Typist I
6 Clerk Typist II
1 Hospital Admissions Clerk
9 Hospital Attendant I
2 Pharmacy Helper
2 Utility Worker I
2 Program Aide
2 Custodial Work I
1 Delivery Clerk I
6 Counter Clerk

U.R.D.A.

1 Administrative Assistant I
3 Administrative Intern III
1 Clerk Typist I
2 Clerk Steno
6 Job Counselor Trainee I
1 Maintenance Repairman
1 Watchman

Safety

Sheriff:
7 Clerk Typist I

Police:
4 Clerk Typist II
5 Car Washers

Fire:
1 Garage Attendant I
3 Clerk Typist II

Safety and Claims

1 Evaluation Analyst I

Housing Administration

2 Public Service Career Clerical Trainee
1 Account Clerk

City Attorney

1 Clerk Steno I

Career Service

2 Personnel Technician I
1 Clerk Typist II

Zoning Administration

1 Clerk Typist II

General Services

1 Utility Worker I
4 Painter I

Parks and Recreation

1 Clerk Typist I
7 Clerk Typist II
2 Custodial Worker I
15 Utility Worker I
1 Maintenance Mechanic I
6 Recreation Leader

Community Relations

2 Administrative Intern I

Public Library

8 Clerk Typist I
2 Clerk I
1 Custodial Helper I

Welfare

3 Eligibility Technician
2 Community Services Aide

Assessment

4 Clerk Typist II
2 Clerk II

TABLE XVII

PEP JOB CLASSIFICATIONS FOR SAMPLE CITY B

SECTIONS 5 AND 6

	Number
Secretary - Model Cities	2
Physical Coordinator	1
Bookkeeper	1
Assistant Physical Coordinator	1
Assistant Education Coordinator	1
Placement Officer - Personnel	1
Museum Curator Trainee - City Engineer	1
Mechanic 1 Waste Water	1
Radio Operator - Street	2
Skilled Labor - Street	3
Solid Waste Technician	3
Preventive Maintenance	4
Janitor	1
Mechanic	1
General Laborer - Street	5
Heavy Equipment Operator	1
Radio Technician	1
General Laborer - Park	2
Financial Advisor - Rehabit	1
Inspector - Rehabit	1
Janitor - Parking Garage	1
Accounting - Clerk, City Controller	1
General Laborer - Park	4
Truck Driver - Sanitation	1
General Laborer - Street Department	4
Laboratory Technician - Waste Water	2
Custodian - Water Works	1
Draftsman - Water Works	1
Signal Technician - Traffic	1
Inspector - Engineering	1
Apprentice Radio Operator	1
Stenographer II City Attorney	1
Secretary - Personnel	1
Engineer Aide	1
Custodian	1
Truck Driver - Highway Department	3
Maintenance II - Park	3
Security Guard - City Building	2
Housekeeper - Launderer	1
Secretary 1 Area Plan - Prosecutor	2
Family Planning Counselor - Health Department	1
Home Economist - Counsel for Retarded	1
Teacher - Naturalist - Trainee Parks	1
Youth Service Bureau - Secretary	1
Janitor Helper, County Home	1
Laundry Helper	1

TABLE XVII (Cont'd)

	Number
Kitchen Helper	1
Physical Therapist	2
Secretary - Commissioner's	1
Truck Driver - Highway	3
Maintenance Assistance	2
Tray-line Worker	1
Groundskeeper	1
Stock Clerk	1
Nurse's Aide	1
Laundry Helper	1
Practical Nurse	1
Maintenance Man	2
Curator Trainee - Museum	1
Guard - Museum	1
Security Guard - Airport	5
Surveyor - Engineering Dept.	1
Assistant Curator	2
Planner - Area Plan	1
Research Assistant-Area Plan	1
Practical Nurse	1
Industrial Sanitarian	1
Chemical Sanitarian	1
Housing Director	1
Programmer - Auditors Dept.	1
Caseworker - DPW	2
Case Aide - DPW	6
Clerk Typist	2
Teachers' Aide	3
Recreation	6
Aides	2
Roving Recreation Leaders	1
Bookkeeper - City Clerk	1
Barrett Law Clerk - City	1
Secretary - Engineer	1
Building Inspector	1
Registered Nurse - Children	1
Safety Engineer Trainee	1
Case Worker - Children	1
Registered Nurse - Hospital	1
Clerk Typist - City Clerk Office	1
Personnel Trainee - Personnel	1
Park Supervisor	1
Custodian Schools	1
Carpenter - Schools	1
Heavy Equipment Operator - Street	1
Secretary - School	1
Laborer - Street	2

TABLE XVIII

NEW JOB CLASSIFICATIONS IN LOCAL COALITION CITIES SURVEYED

LAW ENFORCEMENT
- Civilian Police Clerk
- Police Dispatcher
- Police Technician-Photo Lab
- Traffic Engineer
- Meter Maid
- Release or Recognizance Aide
- Youth Street Worker
- Port Security
- Assistant Traffic Engineer

EDUCATION
- (None)

PUBLIC WORKS AND TRANSPORTATION
- Service Station Attendant
- Construction Inspection Trainee
- Code Inspector
- Housing Officer
- Assistant Superintendent of Bridge and Streets

HEALTH & HOSPITALS
- Community Health Aide
- Laboratory Technician
- Nursing Instruction/Maternal and child care
- Hospital Corpsman
- Sanitation Service
- Health Aide
- Doctor's Aide
- Medical Technician
- Ambulance Driver Trainee
- Drug Abuse Director
- Drug Education Coordinator

ENVIRONMENTAL QUALITY
- Abandoned Vehicle Checker

FIRE PROTECTION
- Fire Cadet

TABLE XVIII

(cont'd)

PARKS AND RECREATION
- Park Security Officer
- Recreation Counselor Trainee
- Senior Recreation Counselor
- Recreation Service Representative
- Recreation Supervisor

SOCIAL SERVICES
- Community Program Helper
- Interpreter of Spanish
- Activity Coordinator
- Social Worker Aide
- Veteran Counselor
- Vocational Skill Specialist
- Social Service Investigator
- Manpower Counselor
- Vet. and Drug Counselor
- Youth Coordinator

OTHER
- Administration:
  - Training Coordinator
  - Accountant
  - Accounting Technician
  - Administrative Analyst CRA
  - Administrative Analyst PD
  - Planning Aide
  - Senior Planner
  - Deputy Purchasing Agent
  - Deputy Personnel Director
  - Photo-Journalist
  - Data Processing Documentation Assistant
  - Urban Operation Research Analyst
  - Project Coordinator Municipal Development Program
  - Program Aide
  - Administrative Aide
  - Personnel Aide
  - Public Utilities Inspector Trainee
  - Offset Pressman
  - Administration Aide - Mayor
  - Museum Director
- Libraries:
  - Book Mender General Service
- Museums:
  - Fine Arts Instructor

TABLE XIX

EXPANDING PUBLIC SERVICE OCCUPATIONS
IN LOCAL COALITION CITIES SURVEYED

Percent	Positions	Number
11.3	Policemen and Guards	637
10.6	Building Service Workers	599
10.2	Secretaries-Typists	577
10.0	Education Aides	564
9.6	Child Care Instructors	545
8.1	Social Welfare Workers	461
5.4	Neighborhood Worker	307
4.8	Nurses (Registered, Licensed, Practical and Nurse aides)	269
4.1	Recreation Workers	231
3.6	Health Aide (Community)	200
3.4	Recreation Aides	192
3.0	Firemen	169
2.9	Juvenile Counselors	163
2.6	Public Administrator	144
2.5	Data Processors	143
1.8	Police Community Relations	100
1.8	Librarians	98
1.1	Probation Workers	60
1.0	Public Personnel and Training	59
1.0	Technician (Medical and Dental)	55
0.5	Housing Inspectors	30
0.4	Vocational Counselors	25
0.2	Office Machine Operators	14
0.1	Dieticians	8
0.0	Physio-Therapists	0
100.0	Total	5650

APPENDIX B

COMMENTS ON THE URBAN COALITION REPORT ON EEA
BY
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO

AFSCME does not concur with the emphasis placed in Chapter I on the training of low-income and chronically unemployed persons as an overriding priority of the Emergency Employment Act. Certainly such persons should be provided with every feasible opportunity for employment under an EEA program; we are aware that, in a number of instances, efforts to reach out into high unemployment areas in a city were something less than wholehearted.

EEA was not intended, however, as a training or a manpower development program. It was designed to meet two objectives: to provide jobs, and to meet unfilled public service needs. The Act specifically limits the amount which can be expended on training and job support programs.

We may well share the Urban Coalition's criticisms of Federal manpower programs as a whole. A critique of EEA is not the appropriate vehicle, however, in our view, for pointing out a shortcoming which was never a part of the program's design--particularly when that program has been so badly abused in so many other areas by a high-handed Administration.

AFSCME does not concur with the presumption in Chapter I that only those public service needs which meet the priorities held by community groups (unspecified) can be regarded as

fulfilling the public service function of PEP. While we are strong for community participation in the planning of a public employment program, we suggest that the realities of public administration are such that the very areas which are cut back first when refuse collection is decreased to once a week, or when a neighborhood health center is closed, are precisely the areas of the city about which the Urban Coalition (and AFSCME) is most concerned. In other words, a decision to restore--via a Public Employment Program--municipal services curtailed by a city caught in a budget squeeze is most likely to benefit the low income and chronically unemployed residents of that city. Their participation in such a decision would obviously be helpful--but lack of such participation is not a sufficient basis to judge the decision wrong or misguided.

Nor does AFSCME agree with Recommendation No. 3 in Chapter IX calling for special consideration for those unemployed for over 15 weeks. We submit that family needs may well be as compelling for the breadwinner out of work 4 weeks--or 8 weeks--as for the person unemployed 15 weeks. To establish an arbitrary number is to misread the purpose of a Public Employment Program.

The number on which we should concentrate is the number of dollars going into PEP--as the report correctly does in Recommendation No. 1.

AFSCME dissents from the use of an arbitrary figure in Recommendation No. 8, as well--which would limit funds for Public Works and Transportation jobs to 20% of PEP employment. By what criterion does the report conclude that Public Works or Transportation jobs are less meaningful or less needed as public services--or that there are fewer opportunities to gain skills?

Again, we suggest that the report needs to look at those areas of the city where cutbacks in street repair or in bus transportation hit first and hit hardest--be assured that it is not in the upper-crust, politically potent neighborhoods.

Finally, we cannot concur with the augmented training funds called for in Recommendation No. 9. As we have noted earlier, training and support services are a separated and distinct issue from the funding of Section 5 and Section 6 programs under PEP.

APPENDIX C

Sample Study

Included in the study are the areas served by the following local Urban Coalitions.

Urban Coalition of Greater Los Angeles

Stanford Mid-Peninsula Urban Coalition

Pasadena Urban Coalition

Metro Denver Urban Coalition

Urban Coalition of Metropolitan Wilmington

Greater Miami Coalition, Inc.

The Urban Coalition of St. Joseph County, Indiana

The Baltimore Urban Coalition

New Detroit, Inc.

Urban Coalition of Greater Flint

Pontiac Urban Coalition

Urban Coalition of Minneapolis

St. Paul Urban Coalition

New York Urban Coalition

Niagara Coalition, Inc.

Westchester Coalition, Inc.

Citizens' Coalition, Inc. (Winston-Salem)

Philadelphia Urban Coalition

The Urban Coalition of Rhode Island, Inc.

El Paso Urban Coalition

San Antonio Urban Coalition

The Racine Environment Committee

Dr. John L. S. Holloman, Jr.
Chairman
Health Manpower Advisory Board
New York, New York

Dr. Howard W. Johnson
Chairman of the Board
Massachusetts Institute of Technology
Cambridge, Massachusetts

Samuel C. Johnson
Chairman and President
S.C. Johnson and Son, Inc.
Racine, Wisconsin

Vernon E. Jordan, Jr.
Executive Director
National Urban League, Inc.
New York, New York

Joseph D. Keenan
International Secretary
International Brotherhood of Electrical Workers
Washington, D.C.

Hon. Moon Landrieu
Mayor of New Orleans
New Orleans, Louisiana

Robert D. Lilley
President
American Telephone and Telegraph Company
New York, New York

Hon. John V. Lindsay
Mayor of New York
New York, New York

Sol M. Linowitz
Chairman
The National Urban Coalition
Washington, D.C.

Tony Lovato
Denver, Colorado

Louis Martin
Vice President and Editor
Sengstacke Newspapers
Chicago, Illinois

Gordon McAndrew
Superintendent of Schools
Gary, Indiana

Donald P. McCullum, Esq.
Oakland, California

Donald H. McGannon
President and Chairman of the Board
Westinghouse Broadcasting Company, Inc.
New York, New York

Dean R. McKay
Senior Vice President
IBM Corporation
Armonk, New York

Dr. Martin Meyerson
President
University of Pennsylvania
Philadelphia, Pennsylvania

Barbara Mikulski
Councilwoman
Baltimore, Maryland

J. Irwin Miller
Chairman
Cummins Engine Company
Columbus, Indiana

Alfred S. Mills
Chairman and Chief Executive Officer
The New York Bank for Savings
New York, New York

Gordon M. Moodie
Former Chairman
Westchester Urban Coalition
Chappaqua, New York

C. McKim Norton, Esq.
Counsel
Regional Plan Association
New York, New York

Antonia Pantoja
Executive Director
Puerto Rican Research and Resources Center
Washington, D.C.

Lorenzo Patino
Sacramento, California

Jacob S. Potofsky
General President
Amalgamated Clothing Workers of America
New York, New York

Joseph Rhodes
Pittsburgh, Pennsylvania

James M. Roche
Former Chairman
General Motors Corporation
Detroit, Michigan

David Rockefeller
Chairman
Chase Manhattan Bank
New York, New York

Hillary Rodham
New Haven, Connecticut

H. I. Romnes
Chairman of the Executive Committee
American Telephone and Telegraph Company
New York, New York

Bayard Rustin
Executive Director
A. Phillip Randolph Institute
New York, New York

Gumecindo Salas
Detroit, Michigan

Henry Santiestevan
Executive Director
Southwest Council of LaRaza
Washington, D.C.

Hon. Francis W. Sargent
Governor
The Commonwealth of Massachusetts
Boston, Massachusetts

Dr. Mark R. Shedd
Special Assistant to the Board of Education
Philadelphia, Pennsylvania

Rabbi Henry Siegman
Executive Vice President
Synagogue Council of America
New York, New York

Lelan F. Sillin, Jr.
Chairman and President
Northeast Utilities
Hartford, Connecticut

John G. Simon
President
Taconic Foundation, Inc.
New York, New York

Marta Sotomayor
Denver, Colorado

Howard Stein
Chairman
Dreyfus Fund Corporation
New York, New York

Carl B. Stokes
WNBC-TV
New York, New York

Martin Stone
President
Monogram Industries, Inc.
Los Angeles, California

Frank E. Sullivan
Chairman
Urban Coalition of St. Joseph County
South Bend, Indiana

James H. J. Tate
Philadelphia, Pennsylvania

Irene Tovar
Director
Chicano School Finance Project
Urban Coalition of Greater Los Angeles
Los Angeles, California

Dr. Francisco Trilla
Chairman
Puerto Rican Association for National Affairs
Brooklyn, New York

Cynthia Wedel
President
Council of Churches
Washington, D.C.

John Wheeler
President
Southern Regional Council
Durham, North Carolina

Roy Wilkins
Executive Director
National Association for the Advancement of Colored People
New York, New York

Leonard Woodcock
President
United Auto Workers
Detroit, Michigan

Jerry Wurf
President
The American Federation of State, County and Municipal Employees, AFL/CIO
Washington, D.C.

Rev. Andrew J. Young, Jr.
Chairman
Community Relations Commission
Atlanta, Georgia